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PROJECT RENEWAL, INC. AND AFFILIATES

Consolidated Financial Statements and Supplementary Information (Together with Independent Auditors' Report)

Years Ended June 30, 2023 and 2022

PROJECT RENEWAL, INC. AND AFFILIATES

**CONSOLIDATED FINANCIAL STATEMENTS
and Supplementary Information
(Together with Independent Auditors' Report)**

YEARS ENDED JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

Board of Trustees of
Project Renewal, Inc. and Affiliates

Opinion

We have audited the consolidated financial statements of Project Renewal, Inc. and Affiliates (the "Corporation"), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as of June 30, 2023 and 2022, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Notes 20 and 20 to the consolidated financial statements, the Corporation changed its method of accounting for leases as a result of the adoption of Accounting Standards Codification Topic 842, *Leases*, effective July 1, 2022, under the modified retrospective transition method. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary consolidating information (shown on pages 25 through 28), as of and for the years ended June 30, 2023 and 2022, is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, the change in net assets, and cash flows of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Mayer Hoffman McCann CPAs

New York, NY
December 8, 2023

PROJECT RENEWAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Cash and cash equivalents (Notes 2E and 21)	\$ 6,158,263	\$ 11,947,435
Investments (Notes 2F and 6)	203,042	160,218
Accounts and grants receivable, net (Notes 2K and 7)	31,599,757	30,652,625
Contributions receivable, net (Notes 2K and 8)	1,606,763	1,021,559
Rent receivable, net	323,850	450,693
Due from affiliates, net (Note 11)	145,439	92,420
Prepaid expenses	1,070,792	999,055
Security deposits and other assets	353,446	234,052
Mortgage receivable (Note 12)	12,500,000	12,500,000
Restricted cash (Notes 2E and 4)	4,322,189	2,202,663
Assets held for others (Note 5)	101,041	143,399
Investments in rental property, net (Notes 2J and 9)	22,738,214	24,064,622
Lease right-of-use assets - operating (Notes 2O and 20)	31,967,190	-
Lease right-of-use assets - finance (Notes 2O and 20)	238,390	-
Property, equipment and leasehold improvements, net (Notes 2J and 10)	152,654,663	115,446,885
TOTAL ASSETS	\$ 265,983,039	\$ 199,915,626
LIABILITIES		
Accounts payable and accrued expenses (Notes 2L, 5 and 20B)	\$ 33,773,562	\$ 25,336,699
Accrued salaries and related liabilities (Note 18)	2,258,037	5,421,505
Accrued interest (Note 13)	5,020,245	5,754,246
Due to affiliates, net (Note 11)	3,759,250	3,953,712
Deferred revenue / due to funding source (Note 2K)	14,925,735	17,478,534
Deferred developer's fee revenue (Note 2H)	740,432	740,432
Deferred rent (Note 2M)	-	7,077,322
Loans payable, net (Note 13)	125,831,918	94,467,321
Paycheck Protection Program loan (Note 14)	948,794	1,292,835
Lease liability- operating (Notes 2O and 20)	38,733,191	-
Lease liability - finance (Notes 2O and 20)	244,040	-
Enforcement note payable (Note 12)	12,500,000	12,500,000
TOTAL LIABILITIES	238,735,204	174,022,606
COMMITMENTS AND CONTINGENCIES (Note 20)		
NET ASSETS (Notes 2D, 16)		
Without donor restrictions:		
Operating	6,189,914	7,441,957
Non-controlling interest (Note 19)	16,396,322	14,313,478
Total without donor restrictions	22,586,236	21,755,435
With donor restrictions (Notes 2D and 16)	4,661,599	4,137,585
TOTAL NET ASSETS	27,247,835	25,893,020
TOTAL LIABILITIES AND NET ASSETS	\$ 265,983,039	\$ 199,915,626

The accompanying notes are an integral part of these consolidated financial statements.

**PROJECT RENEWAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	For the Year Ended June 30,			For the Year Ended June 30,		
	Without Donor Restrictions	With Donor Restrictions	2023 Total	Without Donor Restrictions	With Donor Restrictions	2022 Total
REVENUES AND SUPPORT:						
Government grants (Note 2K)	\$ 94,513,330	\$ -	\$ 94,513,330	\$ 88,816,735	\$ -	\$ 88,816,735
Third party revenue (Note 2K)	5,032,526	-	5,032,526	4,027,868	-	4,027,868
Social purpose ventures (Notes 2K and 17)	7,063,809	-	7,063,809	6,540,093	-	6,540,093
Rental income (Note 2K)	5,006,157	-	5,006,157	3,551,847	-	3,551,847
Gain on extinguishment of debt (Note 14)	-	-	-	6,971,035	-	6,971,035
Special events (net of direct expenses of \$212,182 and \$260,930 for 2023 and 2022, respectively)	1,229,846	-	1,229,846	1,005,439	-	1,005,439
Contributions	2,487,056	1,826,482	4,313,538	920,984	2,237,628	3,158,612
Developer fee income (Note 2H)	796,285	-	796,285	-	-	-
Miscellaneous income (Note 6)	1,168,275	-	1,168,275	633,428	-	633,428
Net assets released from restrictions (Notes 2D and 16)	1,302,468	(1,302,468)	-	2,197,772	(2,197,772)	-
TOTAL REVENUES AND SUPPORT	<u>118,599,752</u>	<u>524,014</u>	<u>119,123,766</u>	<u>114,665,201</u>	<u>39,856</u>	<u>114,705,057</u>
EXPENSES (Note 2N):						
Program Services:						
Outreach	369,567	-	369,567	483,117	-	483,117
Treatment and transitional housing	70,562,496	-	70,562,496	64,340,296	-	64,340,296
Medical services	11,164,032	-	11,164,032	10,037,221	-	10,037,221
Employment services	9,832,589	-	9,832,589	8,830,685	-	8,830,685
Permanent housing	15,702,025	-	15,702,025	13,305,585	-	13,305,585
Total program services	<u>107,630,709</u>	<u>-</u>	<u>107,630,709</u>	<u>96,996,904</u>	<u>-</u>	<u>96,996,904</u>
Supporting services:						
Management and general	14,670,424	-	14,670,424	14,187,031	-	14,187,031
Fundraising	1,498,830	-	1,498,830	1,310,723	-	1,310,723
Total supporting services	<u>16,169,254</u>	<u>-</u>	<u>16,169,254</u>	<u>15,497,754</u>	<u>-</u>	<u>15,497,754</u>
TOTAL EXPENSES	<u>123,799,963</u>	<u>-</u>	<u>123,799,963</u>	<u>112,494,658</u>	<u>-</u>	<u>112,494,658</u>
CHANGE IN NET ASSETS BEFORE CAPITAL CONTRIBUTIONS FROM NON-CONTROLLING LIMITED PARTNERS	(5,200,211)	524,014	(4,676,197)	2,170,543	39,856	2,210,399
Capital contributions from non-controlling limited partners	6,031,012	-	6,031,012	17,416,961	-	17,416,961
CHANGES IN NET ASSETS	830,801	524,014	1,354,815	19,587,504	39,856	19,627,360
Net assets - beginning of year	21,755,435	4,137,585	25,893,020	2,167,931	4,097,729	6,265,660
NET ASSETS - END OF YEAR	<u>\$ 22,586,236</u>	<u>\$ 4,661,599</u>	<u>\$ 27,247,835</u>	<u>\$ 21,755,435</u>	<u>\$ 4,137,585</u>	<u>\$ 25,893,020</u>

The accompanying notes are an integral part of these consolidated financial statements.

PROJECT RENEWAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Totals for June 2022)

	Program Services					Supporting Services					
	Outreach	Treatment and Transitional Housing	Medical Services	Employment Services	Permanent Housing	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2023	Total 2022
Salaries	\$ 248,696	\$ 27,616,204	\$ 6,572,487	\$ 4,348,900	\$ 4,274,184	\$ 43,060,471	\$ 6,947,594	\$ 767,890	\$ 7,715,484	\$ 50,775,955	\$ 46,956,402
Payroll taxes and benefits (Note 18)	57,678	6,405,038	1,524,301	1,004,648	991,129	9,982,794	1,797,102	198,383	1,995,485	11,978,279	10,968,539
Total salaries and related costs	306,374	34,021,242	8,096,788	5,353,548	5,265,313	53,043,265	8,744,696	966,273	9,710,969	62,754,234	57,924,941
Food and kitchen supplies	-	2,519,635	4,653	3,319,297	75,044	5,918,629	108,498	16,684	125,182	6,043,811	6,159,678
Client supplies	1,607	1,399,311	324,848	101,114	166,078	1,992,958	31,205	-	31,205	2,024,163	1,797,895
Lab fees	-	-	181,609	-	-	181,609	5,735	-	5,735	187,344	80,548
Office rent and occupancy expense (Note 20)	20,536	8,548,277	133,442	379,134	3,102,226	12,183,615	812,802	-	812,802	12,996,417	13,133,155
Utilities	2,383	1,290,338	7,739	18,691	949,628	2,268,779	51,264	-	51,264	2,320,043	1,622,248
Facility maintenance	-	3,348,829	100,356	13,746	511,038	3,973,969	96,734	-	96,734	4,070,703	4,016,977
Telephone	2,977	335,573	92,441	21,304	57,708	510,003	78,432	5,238	83,670	593,673	526,232
Office expense	-	913,998	378,356	228,810	472,550	1,993,714	895,050	85,195	980,245	2,973,959	3,139,665
Staff travel	-	22,584	29,736	5,583	3,531	61,434	360,244	5,572	365,816	427,250	257,262
Printing	-	488	3,188	876	42	4,594	3,355	12,496	15,851	20,445	24,420
Professional fees	-	76,161	165,376	49,279	350,349	641,165	1,164,770	619,554	1,784,324	2,425,489	1,488,088
Security fees	-	14,625,656	-	-	206,228	14,831,884	-	-	-	14,831,884	11,319,498
Temporary help	-	366,231	553,574	-	300	920,105	178,493	-	178,493	1,098,598	771,695
Vehicle expense	18,213	128,943	417,777	213,223	561	778,717	123,770	-	123,770	902,487	854,315
Insurance	17,477	1,442,634	378,899	119,747	749,916	2,708,673	483,587	-	483,587	3,192,260	3,157,539
Recruiting	-	-	-	49	-	49	248,728	-	248,728	248,777	165,531
Bad debt expense	-	-	-	-	-	-	268,507	-	268,507	268,507	979,271
Data processing	-	-	-	8,188	-	8,188	461,352	-	461,352	469,540	375,888
Interest expense	-	563,130	-	-	1,894,679	2,457,809	22,204	-	22,204	2,480,013	1,454,898
Miscellaneous	-	-	-	-	-	-	28,288	-	28,288	28,288	128,540
Depreciation and amortization	-	959,466	295,250	-	1,896,834	3,151,550	502,710	-	502,710	3,654,260	3,377,304
Total OTPS	63,193	36,541,254	3,067,244	4,479,041	10,436,712	54,587,444	5,925,728	744,739	6,670,467	61,257,911	54,830,647
Direct costs of fundraising events	-	-	-	-	-	-	-	(212,182)	(212,182)	(212,182)	(260,930)
TOTAL EXPENSES	\$ 369,567	\$ 70,562,496	\$ 11,164,032	\$ 9,832,589	\$ 15,702,025	\$ 107,630,709	\$ 14,670,424	\$ 1,498,830	\$ 16,169,254	\$ 123,799,963	\$ 112,494,658

The accompanying notes are an integral part of these consolidated financial statements.

PROJECT RENEWAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services					Supporting Services				Total 2022
	Outreach	Treatment and Transitional Housing	Medical Services	Employment Services	Permanent Housing	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 330,644	\$ 26,527,876	\$ 5,930,554	\$ 3,498,219	\$ 3,638,285	\$ 39,925,578	\$ 6,326,495	\$ 704,329	\$ 7,030,824	\$ 46,956,402
Payroll taxes and benefits (Note 18)	77,394	6,209,341	1,388,156	816,298	851,610	9,342,799	1,460,841	164,899	1,625,740	10,968,539
Total salaries and related costs	<u>408,038</u>	<u>32,737,217</u>	<u>7,318,710</u>	<u>4,314,517</u>	<u>4,489,895</u>	<u>49,268,377</u>	<u>7,787,336</u>	<u>869,228</u>	<u>8,656,564</u>	<u>57,924,941</u>
Food and kitchen supplies	-	2,393,578	3,531	3,532,847	93,079	6,023,035	136,643	-	136,643	6,159,678
Client supplies	11,486	1,209,558	348,432	90,870	102,360	1,762,706	35,189	-	35,189	1,797,895
Lab fees	-	-	66,078	-	-	66,078	14,470	-	14,470	80,548
Office rent and occupancy expense (Note 20)	23,186	8,596,425	130,267	361,113	3,322,278	12,433,269	699,886	-	699,886	13,133,155
Utilities	2,679	1,118,616	8,158	17,994	398,680	1,546,127	76,121	-	76,121	1,622,248
Facility maintenance	910	3,349,388	37,235	9,245	532,234	3,929,012	86,632	1,333	87,965	4,016,977
Telephone	3,349	297,949	81,007	19,227	53,945	455,477	67,001	3,754	70,755	526,232
Office expense	-	751,632	462,083	124,796	122,001	1,460,512	1,440,002	239,151	1,679,153	3,139,665
Staff travel	-	14,589	27,814	6,533	1,129	50,065	205,289	1,908	207,197	257,262
Printing	-	1,975	1,132	1,723	80	4,910	2,975	16,535	19,510	24,420
Professional fees	-	188,063	179,881	2,351	94,999	465,294	583,050	439,744	1,022,794	1,488,088
Security fees	-	10,723,108	-	-	596,390	11,319,498	-	-	-	11,319,498
Temporary help	-	18,481	505,442	12,142	152	536,217	235,478	-	235,478	771,695
Vehicle expense	11,615	125,337	371,368	211,981	62	720,363	133,952	-	133,952	854,315
Insurance	21,854	1,414,306	347,797	121,647	659,733	2,565,337	592,202	-	592,202	3,157,539
Recruiting	-	-	-	16	-	16	165,515	-	165,515	165,531
Bad debt expense	-	-	-	-	-	-	979,271	-	979,271	979,271
Data processing	-	-	-	3,683	-	3,683	372,205	-	372,205	375,888
Interest expense	-	582,491	-	-	804,613	1,387,104	67,794	-	67,794	1,454,898
Miscellaneous	-	23,849	-	-	104,691	128,540	-	-	-	128,540
Depreciation and amortization	-	793,734	148,286	-	1,929,264	2,871,284	506,020	-	506,020	3,377,304
Total OTPS	<u>75,079</u>	<u>31,603,079</u>	<u>2,718,511</u>	<u>4,516,168</u>	<u>8,815,690</u>	<u>47,728,527</u>	<u>6,399,695</u>	<u>702,425</u>	<u>7,102,120</u>	<u>54,830,647</u>
Direct costs of fundraising events	-	-	-	-	-	-	-	(260,930)	(260,930)	(260,930)
TOTAL EXPENSES	<u>\$ 483,117</u>	<u>\$ 64,340,296</u>	<u>\$ 10,037,221</u>	<u>\$ 8,830,685</u>	<u>\$ 13,305,585</u>	<u>\$ 96,996,904</u>	<u>\$ 14,187,031</u>	<u>\$ 1,310,723</u>	<u>\$ 15,497,754</u>	<u>\$ 112,494,658</u>

The accompanying notes are an integral part of these consolidated financial statements.

PROJECT RENEWAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 1,354,815	\$ 19,627,360
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,654,260	3,377,304
Amortization of debt issuance costs	22,460	22,460
Amortization lease right-of-use asset - finance	37,395	-
Gain on extinguishment of debt	-	(6,971,035)
Bad debt expense	268,507	979,271
Capital contributions	(6,031,012)	(17,416,961)
Unrealized (gain) loss on investments	(42,824)	39,726
Non-cash loan principal repayment	(457,719)	(14,216,357)
Non-cash loan principal borrowings	31,839,856	25,120,802
Non-cash increase in property and equipment	(21,426,758)	(25,457,298)
Lease right-of-use assets - operating	(31,967,190)	-
Lease right-of-use assets - finance	(238,390)	-
Deferred rent	(7,077,322)	13,186
	(30,063,922)	(14,881,542)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts and grants receivable	(1,215,639)	1,155,276
Contributions receivable	(585,204)	249,818
Rent receivable	126,843	(189,920)
Prepaid expenses	(71,737)	(82,624)
Security deposits and other assets	(119,394)	141,864
Assets held for others	42,358	(16,060)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	8,436,863	(3,985,119)
Accrued salaries and related liabilities	(3,163,468)	2,464,231
Accrued interest	(734,001)	757,877
Retainage payable	-	(136,454)
Deferred revenue / due to funding source	(2,552,799)	2,450,910
Due to / from affiliates	(247,481)	(485,875)
Lease liability- operating	38,733,191	-
Lease liability - finance	206,645	-
	8,792,255	(12,557,618)
Net Cash Provided by (Used in) Operating Activities	8,792,255	(12,557,618)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(18,083,494)	(9,346,487)
Capital contributions	6,031,012	17,416,961
Investment in rental property	(25,378)	(296,605)
	(12,077,860)	7,773,869
Net Cash (Used in) Provided by Investing Activities	(12,077,860)	7,773,869
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of loans	(384,041)	(40,000)
	(384,041)	(40,000)
Net Cash Used in Financing Activities	(384,041)	(40,000)
NET DECREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(3,669,646)	(4,823,749)
Cash and cash equivalents and restricted cash - beginning of year	14,150,098	18,973,847
	14,150,098	14,150,098
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	\$ 10,480,452	\$ 14,150,098
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for interest	\$ 1,287,388	\$ 1,033,474
Loan principal repayment - non-cash	\$ (457,719)	\$ (14,216,357)
Loan principal borrowings - non-cash	\$ 31,839,856	\$ 25,120,802
Property and equipment - non-cash	\$ (21,426,758)	\$ (25,457,298)
Gain on extinguishment of debt	\$ -	\$ 6,971,035

PROJECT RENEWAL, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 — CORPORATION AND NATURE OF ACTIVITIES

Project Renewal, Inc. and Affiliates operate facilities in New York State that offer a variety of services in accessible settings to homeless and formerly homeless people suffering from mental illness, alcoholism and substance abuse. Project Renewal, Inc. receives substantial grant awards from various Federal, New York State and City agencies. The consolidated financial statements include Project Renewal, Inc. and the following entities, collectively referred to as the "Corporation":

- A. Project Renewal Housing Development Fund Corporation ("PRI HDFC"), whose sole member is Project Renewal, Inc., provides housing for low-income persons with mental illness and/or chemical dependency in the Bronx, New York, called the Fletcher Place Residence (the "Project").
- B. Washington OMH Corporation ("Washington OMH GP") is the general partner of Washington Fletcher OMH LP. ("Washington Fletcher"), a limited partnership controlled by PRI HDFC. Washington OMH GP has a 0.01% interest in Washington Fletcher. Washington Fletcher owns investments in real property and the provision of low-income housing through the construction, renovation, rehabilitation, operation and leasing of an apartment complex. The apartment complex is an 80-unit, multifamily rental housing development in the Bronx, New York, for low-income residents. Occupancy commenced in December 2011.
- C. Bronx Boulevard Housing Development Fund Corporation ("Bronx Boulevard HDFC"), whose sole member is Project Renewal, Inc., is developing housing for men with mental illness.
- D. PRI Villa Avenue GP, Inc., the general partner of PRI Villa Avenue L.P., a limited partnership controlled by PRI Villa HDFC., has a 0.01% interest in PRI Villa Avenue L.P. PRI Villa Avenue L.P. owns investments in real property and the provision of low-income housing through the construction and operation of an apartment complex. The apartment complex is a 56-unit, multifamily rental housing development in the Bronx, New York, for low-income residents. Construction was completed in August 2015 and occupancy commenced in October 2015.
- E. 10 Minerva Place GP, Inc., the general partner of 10 Minerva Place LP, Inc., is a limited partnership controlled by 10 Minerva Place HDFC. 10 Minerva Place GP, Inc. has a 0.01% interest in 10 Minerva Place LP. 10 Minerva Place LP owns investments in real property and the provision of low-income housing through construction and the operation of a 13-story residential building, located in the Bronx, New York. The residential building will have approximately 120 dwelling units. Construction has begun and is still in the development stage.
- F. PRI Villa Avenue Housing Development Fund Corporation ("PRI Villa HDFC"), whose sole member is Project Renewal, Inc., developed housing for low-income persons with substance and mental illness in the Bronx, New York, called Villa Avenue Residence. 2880 Jerome Avenue GP, Inc., the general partner of 2880 Jerome Avenue LP, Inc., is a limited partnership controlled by 2880 Jerome Avenue HDFC. 2880 Jerome Avenue GP, Inc. has a 0.01% interest in 2880 Jerome Avenue LP.
- G. 2880 Jerome Avenue GP, Inc. ("2880 Jerome Avenue") the general partner of 2880 Jerome Avenue LP, Inc. is a limited partnership controlled by 2880 Jerome Avenue HDFC. 2880 Jerome Avenue has a 0.01% interest in 2880 Jerome Avenue LP, Inc. Jerome Avenue LP owns investments in real estate property and the provision of low-income housing through construction and the operation of a 17-story residential building, located in the Bronx, New York. The residential building will have approximately 116 dwelling units. Construction is in pre-development stages.
- H. 161 Lexington Housing Development Fund Company ("161 Lexington HDFC"), whose sole member is Project Renewal, Inc., is redeveloping a former 117 room hotel on Lexington Ave. into 117 studio housing units for formerly homeless individuals. The project was discontinued during 2022.
- I. New Providence Housing Development Fund Company ("New Providence HDFC"), whose sole member is Project Renewal, Inc., is redeveloping existing buildings in the Turtle Bay-East Midtown neighborhood of New York City into supportive housing and shelter space. Construction is in pre-development stages.
- J. West 59th Shelter Housing Development Fund Company ("W59th HDFC"), whose sole member is Project Renewal, Inc., was formed to acquire the former Manhattan News Network (MNN) building at 537 West 59th Street and redevelop it into a 200-bed shelter for single women. Demolition of the existing building has commenced, and the new building is expected to be completed by the end of 2024.

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NOTE 1 — CORPORATION AND NATURE OF ACTIVITIES (Continued)

K. Greenpoint Hospital Shelter HDFC ("Greenpoint HDFC"), whose sole member in Project Renewal, Inc., was formed to acquire a site in Brooklyn, NY for the purpose of constructing a purpose-built shelter that will be called the Barbara Kleiman Residence (aka Greenpoint Hospital Shelter). On December 16, 2022, Greenpoint HDFC closed on the acquisition. Construction has started and is expected to last until October 2025.

Entities shown in items A through K above are further referred to as ("Housing Affiliates").

Other related entities which are not included:

- a. Project Renewal Fund Inc. ("PRF") a not-for-profit entity that is the sole member of Project Renewal, Inc. and other non-profit entities.
- b. The Corporation shares certain common facilities and management personnel with Manhattan Bowery Management Corporation ("MBMC"), a not-for-profit entity. PRF is the sole member of MBMC.
- c. MRG Partners, L.P. ("MRG"), operates the Geffner House (formerly the Holland House), a low-income rental housing project. The general partner is Starting Homes, Inc., a for-profit corporation controlled by a housing development fund corporation that is owned by PRF.
- d. St. Nicholas House L.P. ("St. Nicholas") operates the St. Nicholas House project for occupancy by low-income tenants. The general partner is St. Nicholas House GP Corporation, a for-profit corporation controlled by a housing development fund corporation that is owned by PRF.
- e. North Star Housing, Inc. ("NSH"), a not-for-profit entity develops and manages affordable housing. PRF is the sole member of NSH.

Project Renewal, Inc., PRI HDFC, Bronx Boulevard HDFC, PRI Villa HDFC, 161 Lexington HDFC, New Providence HDFC, West 59th Shelter HDFC and Green Point HDFC are exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code (the "Code") and from state and local taxes under comparable laws. Washington OMH GP, PRI Villa Avenue GP, 10 Minerva Place GP, Inc. and HDFC and 2880 Jerome Avenue, are for-profit Corporations subject to Federal income tax and applicable state and local taxes.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. ***Basis of Accounting*** – The Corporation's consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All significant intercompany transactions have been eliminated during consolidation.
- B. ***Principles of Consolidation*** – These financial statements are prepared on a consolidated basis and include the activities as of and for the years ended June 30, 2023 and 2022 of entities controlled by Project Renewal, Inc. through its sole membership in not-for-profit entities or its controlling interest in for-profit entities. The assets, liabilities, and net assets of Washington Fletcher, PRI Villa Avenue L.P., 10 Minerva Place L.P. and 2880 Jerome Avenue, LP. have been consolidated into Washington OMH GP, PRI Villa Avenue GP, 10 Minerva Place GP and HDFC and 2880 Jerome Avenue, respectively, due to the controlling influence the general partners have over the limited partnerships.
- C. ***Use of Estimates*** – The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.
- D. ***Net Assets*** – The Corporation maintains its net assets in accordance with the following:

Without Donor Restrictions - represents resources available for support of the Corporation's operations over which the Board of Trustees has discretionary control.

PROJECT RENEWAL, INC. AND AFFILIATES
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NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

With Donor Restrictions - represents assets that are subject to donor-imposed stipulations. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Net assets with donor restrictions are released from donor restrictions by incurring expenses, thereby satisfying the restricted purposes of providing program services as specified by the donors. Unconditional promises to give that are due in future periods to support the current-period activities are reported as unrestricted support.

- E. **Cash and Cash Equivalents and Restricted Cash** – Cash and cash equivalents consist of highly liquid investments with maturities of three months or less at the time of purchase, except restricted cash held for reserves on construction projects.

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the consolidated statements of financial position the sum to the total of the same such amounts shown in the consolidated statements of cash flows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Cash and cash equivalents	\$ 6,158,263	\$ 11,947,435
Restricted cash	<u>4,322,189</u>	<u>2,202,663</u>
Total in the statements of cash flows	<u>\$ 10,480,452</u>	<u>\$ 14,150,098</u>

- F. **Investments and Fair Value Measurements** – Investments are reported at fair value. Investment income consisting of interest, dividends, realized and unrealized gains or losses is classified as operating revenue and is available to support operations. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 6.
- G. **Impairment of Long-Lived Assets** – The Corporation reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to aggregate future net cash flows (undiscounted and without interest) expected to be generated by the asset. If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amounts of the assets exceed the fair value. No impairment loss has been recognized during the years ended June 30, 2023 and 2022.
- H. **Deferred Developer's Fee Revenue** – Deferred developer's fee revenue refers to fees indirectly received in the form of an investment by the developer in connection with the development and construction of the Fletcher Street Project. Revenue will be recognized as certain milestones are achieved and receipts will be used for the establishment of required reserves.
- I. **Non-Controlling Limited Partners' Interests** – Capital contributions from non-controlling limited partners in the consolidated statements of activities represent the capital contributions of the Limited Partnerships allocated to limited partners for that period. Non-controlling limited partners' interests in the consolidated statements of financial position represent the cumulative capital contributions and the limited partners' interest in profits or losses of the Limited Partnerships.
- J. **Property and Equipment and Investments in Rental Property** – Property and equipment and investments in rental property are stated at cost less accumulated depreciation or amortization. These amounts do not purport to represent replacement or realizable values. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the useful lives of the improvements or the term of the applicable lease. The Corporation capitalizes all owned property and equipment having a useful life of greater than one year and a cost of \$5,000 or more. There may be instances where certain expenditures for property and equipment are included in the consolidated financial statements as expenses because the cost of these items was reimbursed by certain governmental funding sources and/or the contractual agreement specifies that title to these assets, rests with the funding sources rather than the Corporation.

PROJECT RENEWAL, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- K. **Revenue Recognition** – Principal support for the programs operated by the Corporation is derived directly from various federal, state and local governmental agencies. Laws and regulations governing Medicaid and Medicare programs are subject to interpretation. Noncompliance with such laws and regulations could result in fines, penalties and exclusion from Medicaid and Medicare programs. There are occasions when funding source reimbursements for prior years are adjusted in the current period. The Corporation records receivables and revenue when earned based on established rates or contracts for services provided. Revenue is reported at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing the contracted services. Generally, the Corporation bills the government entities, third-party payors and individuals after the services are performed or when the Corporation has completed its portion of the contract.

Government grants are nonexchange transactions and accounted for under Accounting Standards Update (“ASU”) 2018-08 “*Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*” (Topic 958). Government grants are recognized as revenue when barriers within the contract are overcome, and there is no right of return. There are instances when the Corporation receives advances from the governmental funding sources and/or foundations. Such advances are recorded as deferred revenue / due to funding source in the accompanying consolidated statements of financial position.

As of and June 30, 2023 and 2022, the Corporation received conditional grants and contracts from government agencies in the aggregate amount of approximately \$235 MM and \$281 MM, respectively. Such grants have not been recognized in the accompanying consolidated financial statements as they are for future periods and will be recognized when contract barriers are overcome. Such barriers include expending these funds in accordance with their agreements. If such services are not provided, the governmental entities are not obligated to expend the funds allotted under the grants and contracts and the Agency may be required to return the funds already remitted.

Third party revenues are derived from services provided under contracts with national social insurance programs and managed care organizations where the Corporation is reimbursed by an entity other than the beneficiary of the services provided. The revenue is recognized when it is earned.

Social purpose ventures revenues are derived from programs designed to end the cycle of homelessness by preparing formerly homeless individuals to succeed in culinary and food preparation industries. Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Corporation and tenants are operating leases with terms between one and two years.

Performance Obligations and Transaction Price Allocated to Remaining Performance Obligations

Performance obligations are determined based on the nature of the services provided by the Corporation in accordance with the contract. Revenue for performance obligations is satisfied at a point in time at which services are provided. The Corporation believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Corporation measures the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each month or period of time allowed based on the government agencies' stipulations.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Corporation has elected to apply the optional exemption provided in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 606-10-50-1 4(a), *Revenue from Contracts with Customers* and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The performance obligations for these contracts are generally completed when the service is completed and upon submission of required documentation.

PROJECT RENEWAL, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Corporation determines the transaction price based on established rates and contracts for services provided. The initial estimate of the transaction price is determined by reducing the established rates for services provided by any implicit price concessions based on historical collection experience with each government agency. The Corporation has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the payors and service lines. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change.

Financing Component

The Corporation has elected the practical expedient allowed under FASB ASC 606-10-32-18, *Revenue from Contracts with Customers* and does not adjust the promised amount of consideration from customers and third parties for the effects of a significant financing component due to the Corporation's expectation that the period between the time the service is provided to a customer and the time the customer or a third-party payor pays for that service will be one year or less.

Contract Costs

The Corporation has applied the practical expedient provided by FASB ASC 340-40-25-4, *Other Assets and Deferred Costs*, and all incremental customer contract acquisition costs are expensed as they are incurred, as the amortization period of the asset that the Corporation otherwise would have recognized is one year or less in duration.

- L. **Contract Disallowances** – The contractual agreements with various funding sources include provisions for claims and program audits in subsequent years. These audits may result in disallowance and repayment of costs previously reimbursed by the funding sources. Management estimates potential disallowances based on past experiences. Accordingly, management has established a contingency reserve to cover the cost of future disallowances, if any. As of both June 30, 2023 and 2022, the contingency reserve amounted to approximately \$247,600, and is reflected in accounts payable and accrued expenses in the accompanying consolidated statements of financial position.
- M. **Operating Leases** – Through June 30, 2022, rent expense was recognized using the straight-line method over the term of the leases. The difference between rent expense incurred and the amount paid, which is attributable to scheduled rent increases, is reported as a liability in the accompanying consolidated statements of financial position.
- N. **Functional Allocation of Expenses** – The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of functional expenses. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and insurance which are allocated on a square footage basis, as well as salaries, wages and benefits, payroll taxes, professional services, information technology and other expenses, which are allocated mainly on the basis of estimates of time and effort. Expenses that can be identified with a specific program or support service are charged directly to that program or support service.

- O. **Recent Accounting Pronouncement** – The Corporation adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2016-02, *Leases (Topic 842)*, for the year ended June 30, 2023. The ASU requires organizations that lease assets to recognize the present value of the assets and liabilities for the rights and obligations created by those leases. The adoption of Topic 842 as of July 1, 2022, required the recognition of lease assets and liabilities as of that date. The lease assets and liabilities on July 1, 2022 totaled \$39,298,855 and \$46,349,350, respectively. The adoption of Topic 842 had no effect on the change in net assets as previously reported. The lease liabilities were calculated utilizing an average risk-free rate of 3.01% for leases in effect at the initial adoption date of July 1, 2022.

PROJECT RENEWAL, INC. AND AFFILIATES
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NOTE 3 — LIQUIDITY AND AVAILABILITY

The Corporation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Corporation has various sources of liquidity at its disposal, including cash and cash equivalents, receivables and line of credit that provides funding for operations and capital expenditures as needed.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Corporation considers all expenditures related to its ongoing activities. In addition to financial assets available to meet general expenditures over the next 12 months, the Corporation expects and anticipates collecting sufficient revenue to cover general expenditures.

As of June 30, financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, include the following:

	2023	2022
Cash and cash equivalents	\$ 6,158,263	\$ 11,947,435
Investments	203,042	160,218
Accounts and grants receivable	31,599,757	30,652,625
Contributions receivable	1,606,763	1,021,559
Rent receivable	323,850	450,693
Due from affiliates	145,439	92,420
Total	40,037,114	44,324,950
Less those unavailable for general expenditures within one year		
Net assets with donor restrictions	(4,661,599)	(4,137,585)
Total	\$ 35,375,515	\$ 40,187,365

To help manage unanticipated liquidity needs, the Corporation has a line of credit of \$5,000,000 which can be drawn upon as needed (see Note 15). In addition, the Corporation has access to certain Limited Partnerships' financial assets.

NOTE 4 — RESTRICTED CASH

The Corporation receives funding for PRI Villa Avenue, L.P. which is to be used for the operating and replacement reserves of the construction project (Note 13). The funds are related to debt agreements and were deposited into an escrow account held by New York City Housing Development Corporation. At June 30, 2023 and 2022, the remaining balances amounted to \$646,268 and \$628,917, respectively.

In addition, at June 30, 2023 and 2022, the Corporation had \$3,675,921 and \$1,573,746, respectively, held in escrow accounts for real estate tax, insurance payments and operating reserves.

NOTE 5 — ASSETS HELD FOR OTHERS

Assets held for others consist of custodial and other funds required to be maintained in separate accounts for other organizations. The corresponding liability is reflected in accounts payable and accrued expenses.

NOTE 6 — INVESTMENTS AND FAIR VALUE MEASUREMENTS

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs. Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

PROJECT RENEWAL, INC. AND AFFILIATES
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NOTE 6 — INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Corporation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk (or other parties such as counterparty in a swap) in its assessment of fair value.

Investments in the consolidated statements of financial position, consisted of common stock, are stated at fair value as of June 30, 2023 and 2022, are valued using market prices in active markets in Level 1, and amounted to \$203,042 and \$160,218, respectively.

Investments are subject to market volatility that could substantially change their value in the near term.

Investment activity included in miscellaneous income in the accompanying consolidated statements of activities consisted of the following for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Unrealized gain (loss) on investments	<u>\$ 42,824</u>	<u>\$ (39,726)</u>

NOTE 7 — ACCOUNTS AND GRANTS RECEIVABLE, NET

Accounts and grants receivable consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Accounts receivable	\$ 4,285,990	\$ 3,399,797
Grants receivable		
Federal	2,164,261	1,169,445
New York State	372,227	853,426
New York City	<u>25,789,085</u>	<u>26,241,763</u>
Total	32,611,563	31,664,431
Less: Allowance for doubtful accounts	<u>(1,011,806)</u>	<u>(1,011,806)</u>
Accounts and grants receivable, net	<u>\$ 31,599,757</u>	<u>\$ 30,652,625</u>

Accounts receivable mostly represent amounts due to the Corporation from other not-for-profit agencies and private companies for services provided by one of the Corporation's social purpose ventures.

At both June 30, 2023 and 2022, approximately 70% of grants receivable due from New York City were due from a single agency.

NOTE 8 — CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Receivables due within one year	\$ 1,393,363	\$ 666,342
Receivables due in one to five years	<u>400,000</u>	<u>541,817</u>
	1,793,363	1,208,159
Less: Allowance for doubtful accounts	<u>(186,600)</u>	<u>(186,600)</u>
Contributions receivable, net	<u>\$ 1,606,763</u>	<u>\$ 1,021,559</u>

PROJECT RENEWAL, INC. AND AFFILIATES
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NOTE 9 — INVESTMENTS IN RENTAL PROPERTY, NET

Investments in rental property, net consist of the following as of June 30:

	2023		
	Washington OMH GP	PRI Villa Avenue GP	Total
Land and land improvements	\$ 1,235,040	\$ 1,325,000	\$ 2,560,040
Building and building improvements	20,508,990	13,534,396	34,043,386
Equipment	-	432,076	432,076
Furniture and fixtures	548,600	157,139	705,739
Total	22,292,630	15,448,611	37,741,241
Less: accumulated depreciation	(10,551,527)	(4,451,500)	(15,003,027)
Investment in rental property, net	\$ 11,741,103	\$ 10,997,111	\$ 22,738,214
	2022		
	Washington OMH GP	PRI Villa Avenue GP	Total
Land and land improvements	\$ 1,235,040	\$ 1,325,000	\$ 2,560,040
Building and building improvements	20,187,008	13,534,396	33,721,404
Equipment	-	432,076	432,076
Furniture and fixtures	548,600	157,139	705,739
Construction in progress	296,605	-	296,605
Construction in progress			
Total	22,267,253	15,448,611	37,715,864
Less: accumulated depreciation	(9,691,902)	(3,959,340)	(13,651,242)
Investment in rental property, net	\$ 12,575,351	\$ 11,489,271	\$ 24,064,622

Depreciation expense for each of the years ended June 30, 2023 and 2022 amounted to \$1,351,785. Estimated useful lives of assets in investments in rental property follow the same lives as property, equipment and leasehold improvements (see Note 10).

NOTE 10 — PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET

Property, equipment and leasehold improvements consisted of the following as of June 30:

	2023	2022	Estimated Useful Lives
Land	\$ 23,916,250	\$ 23,916,250	
Buildings	83,777,404	84,950,328	25-30 Years
Equipment	5,075,895	4,858,579	4-7 Years
Automobiles	3,066,767	3,066,767	5-7 Years
Building and leasehold improvements	8,293,897	8,293,897	7-15 Years
Construction-in-progress	50,312,004	9,708,928	
Total	174,442,217	134,794,749	
Accumulated depreciation and amortization	(21,787,554)	(19,347,864)	
Property, equipment and leasehold improvements, net	\$ 152,654,663	\$ 115,446,885	

Depreciation expense for the years ended June 30, 2023 and 2022 amounted to \$2,302,475 and \$2,025,519, respectively. During the year ended June 30, 2023, the Corporation wrote off \$137,216 of fully depreciated fixed assets.

As of June 30, 2023, construction-in-progress primarily consisted of costs related to early-stage renovations being done at New Providence HDFC, West 59th Shelter HDFC and Green Point HDFC.

PROJECT RENEWAL, INC. AND AFFILIATES
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NOTE 11 — RELATED PARTY TRANSACTIONS

The Corporation conducts transactions with certain related and other affiliated organizations. A description of these transactions follows:

- A. For each of the years ended June 30, 2023 and 2022, the Corporation charged MBMC rent of \$96,000, and management fees of \$200,000.
- B. During each of the years ended June 30, 2023 and 2022, NSH charged the Corporation \$447,457 for rental expense.

Amounts due (to)/from affiliates are non-interest bearing, payable on demand and consisted of the following as of June 30:

	2023	2022
MBMC	\$ (463,142)	\$ (653,788)
NSH	(477,476)	(498,476)
MRG	(1,362,998)	(1,370,620)
St. Nicholas	(664,300)	(692,513)
Total	(2,967,916)	(3,215,397)
Allowance for doubtful accounts	(645,895)	(645,895)
Total due (to)/from affiliates, net	\$ (3,613,811)	\$ (3,861,292)

NOTE 12 — MORTGAGE RECEIVABLE AND ENFORCEMENT NOTE PAYABLE

The Corporation is the sponsor of the Geffner House Project, which is operated and owned by MRG. The Corporation has a \$12,500,000 mortgage note receivable from MRG as of both June 30, 2023 and 2022, as a result of transferring land to the Geffner House property for use in the Project.

This mortgage receivable is subordinated to a \$12,500,000 enforcement note held by the City of New York. The enforcement note may be forgiven if the Corporation operates certain social service programs at the Geffner House site during the term of the agreement. The enforcement note shall not bear interest and matures on December 30, 2026. Once the enforcement note is satisfied, the mortgage receivable shall be forgiven.

PROJECT RENEWAL, INC. AND AFFILIATES
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NOTE 13 — LOANS PAYABLE

Loans payable consisted of the following at June 30:

	2023	2022
A. Washington OMH GP		
New York State Housing Finance Agency (HFA)	\$ 10,965,000	\$ 10,965,000
New York State Homeless Housing and Assistance Corporation (HHAC)	4,238,094	4,238,094
B. Bronx Boulevard HDFC		
The Community Preservation Corporation (CPC)	7,109,518	7,586,597
C. PRI Villa Avenue GP, Inc.		
New York City Housing Preservation and Development (HPD)	4,475,000	4,475,000
NYS Office of Temporary and Disability Assistance (OTDA)	3,231,500	3,231,500
D. PRI Villa HDFC / 2880 Jerome Avenue		
Corporation for Supportive Housing	1,948,992	3,320,724
NYS FHA	11,469,199	-
E. 10 Minerva Place L.P., Inc.		
New York City Housing Development Corporation (HDC)	19,953,643	20,161,585
New York State Homeless Housing and Assistance Corporation (HHAC)	6,841,812	6,221,812
New York City Department of Housing Preservation and Development (HPD)	8,850,000	8,850,000
F. Project Renewal, Inc.		
Deutsche Bank Recoverable Grant Funds	120,000	120,000
G. New Providence HDFC		
Leviticus Alternative Fund, Inc	1,336,974	289,527
H. West 59 th Shelter HDFC		
Nuveen Alternatives Advisors LLC	31,255,869	25,457,298
I. Greenpoint HDFC		
UMB BANK, N.A	14,463,680	-
Subtotal	126,259,281	94,917,137
Less: unamortized debt issuance costs	(427,363)	(449,816)
Total loans payable, net	<u>\$125,831,918</u>	<u>\$ 94,467,321</u>

A. Washington OMH GP

Construction on the Fletcher Street Project is being financed using the proceeds provided to PRI HDFC of (1) a construction / permanent mortgage loan from the New York State Housing Finance Agency ("HFA") in the amount not to exceed \$14,250,000 to be financed with funds from the proceeds of tax exempt Affordable Housing Revenue Bonds 2009 Series B Bonds, (2) a subordinate loan from HFA in the approximate principal amount of \$200,000 (together with (1) the "HFA Loan"), (3) a building and project loan from New York State Homeless Housing and Assistance Corporation in the principal amount of \$4,632,300 ("HHAC Loan"), and (4) an equity investment in the amount of \$8,132,569 made in connection with the sale of Federal low-income housing tax credits generated by the Project.

As a condition of the HFA Loan, Washington Fletcher secured an irrevocable standby letter of credit from JP Morgan Chase Bank, N.A. Also, as a condition of the HFA Loan, Washington Fletcher was required to enter into an agreement with HFA that regulates the rents and income of eligible occupants of the Project for a period of at least 30 years.

The construction loan portion of the financing was converted to permanent financing and the letter of credit from JP Morgan Chase Bank, N.A. for the Project was released on October 12, 2012.

The project is eligible to receive certain operating subsidies from Washington OMH GP for management and operation of the Project and provide special services to tenants. In addition, the Corporation is eligible for debt service subsidies for payments on the HFA loan.

PROJECT RENEWAL, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 13 — LOANS PAYABLE (Continued)

As of both June 30, 2023 and 2022, HFA advanced \$10,965,000, of which \$10,765,000 is outstanding on the construction/permanent mortgage loan and \$200,000 is outstanding on the subordinate loan. The HFA mortgage loan bears interest of 2% per year and is payable on July 1, 2041. The HFA subordinate loan bears interest of 1% per year and has a maturity date of July 1, 2041. Total interest expense accrued at June 30, 2023 and 2022 for both loans was \$2,518,330 and \$2,303,030, respectively.

As of June 30, 2023 and 2022, HHAC advanced \$4,238,094 to the Corporation. The HHAC loan bears interest of 1% per year and is payable on December 1, 2041. Total interest expense accrued at June 30, 2023 and 2022 was \$611,509 and \$567,124, respectively.

Washington Fletcher has entered into a commitment with PRI HDFC to receive a loan of \$759,205. The loan has a stated interest rate of 3.5% per annum with the entire principal balance and accrued interest due on September 30, 2039. No amounts have been advanced as of June 30, 2023 and 2022.

B. Bronx Boulevard HDFC

Construction on the Bronx Boulevard project was financed by JP Morgan Chase Bank, N.A. and Contact Fund loans for \$10,222,649 and \$404,747, respectively. The interest rate is 2.75% per annum plus the adjusted LIBOR rate for JP Morgan Chase Bank, N.A. and 1.75% plus prime rate for Contact Fund. Both loans matured on May 3, 2014. The Corporation obtained a six-month extension for both loans, with a new maturity date of November 3, 2014.

In October 2014, the Corporation refinanced its loans with JP Morgan Chase Bank, N.A. and Contact Fund with The Community Preservation Corporation. The new loan has a principal balance of \$10,627,396 and matures on November 1, 2034. The loan has an interest rate of 4.15% per annum, and requires monthly payments of \$77,230, of which \$65,243 is for principal and interest and \$11,987 is for insurance escrow and taxes. At June 30, 2023 and 2022, the outstanding loan balance was \$7,109,518 and \$7,586,597, respectively, and the escrow balance was \$590,551 and \$591,037, respectively. Interest expense amounted to \$305,837 and \$325,198 for the years ended June 30, 2023 and 2022, respectively.

C. PRI Villa Avenue GP

Construction on the PRI Villa Avenue project was financed by (1) New York City Department of Housing Preservation and Development (NYC HPD) in the amount of \$4,475,000, (2) New York State Office of Temporary & Disability Assistance in the amount of \$3,250,000, and (3) an equity investment in the amount of \$8,344,280 made in connection with the sale of Federal low-income housing tax credits generated by the project.

As of both June 30, 2023 and 2022, NYC HPD advanced \$4,475,000 to the Corporation. When the conditions outlined in the Building and Project Loan Contract are met, the construction loan will be converted to a permanent mortgage with a maturity date of 60 years from the date of the conversion. The loan is non-interest bearing until the conversion date, at which time interest begins to accrue at a rate of 2.5% per annum through the maturity date. The loan has not yet been converted and the maturity date has been extended to March 21, 2078. As of June 30, 2023 and 2022, there was no accrued interest on this loan.

As of both June 30, 2023 and 2022, New York State Office of Temporary & Disability Assistance advanced \$3,231,500 to the Corporation. The loan accrues interest at a rate of 4.5% per annum. No payments of principal are due on the loan until maturity on October 28, 2075. As of June 30, 2023 and 2022, the Corporation accrued interest of \$1,890,406 and \$1,633,113, respectively, of which \$206,443 was capitalized in 2016 prior to the completion of the Project.

PROJECT RENEWAL, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 13 — LOANS PAYABLE (Continued)

D. PRI Villa Ave HDFC / 2880 Jerome Avenue

On July 30, 2015, the Corporation closed on the acquisition of two adjoining sites in the Bedford Park area of the Bronx, New York: Minerva Place and Jerome Avenue (collectively "Bedford Green House"). The acquisitions were financed by a Pre-development and Acquisition loan from the Corporation for Supportive Housing. Bedford Green House offers over 200 units of supportive and affordable housing for families and singles. Phase I Minerva Place was completed and the loan was repaid.

On October 19, 2022, the Corporation closed on construction to permanent financing for Bedford Green House Phase II. During construction, the Project is being financed using the proceeds provided to 2880 Jerome LP (borrower and nominee owner) and 2880 Jerome Ave HDFC (fee owner) of (1) a construction / permanent mortgage loan from the New York City Housing Finance Agency ("HFA Loan") in the amount not to exceed \$34,900,000 to be financed with funds from the proceeds of tax exempt bonds from New York City Housing Finance Agency (HFA), (2) a subordinate loan from HFA SHOP in the principal amount of \$6,960,040 ("HFA Subordinate Loan"), (3) a building and project loan from New York City Department of Housing Preservation and Development in the principal amount of \$11,271,032 ("HPD Loan"), (4) a subordinate loan from New York State Homeless Housing and Assistance Corporation ("HHAC Loan") in the principal amount of \$6,000,000, (5) an equity investment by Richman Group in the amount of \$4,398,168 made in connection with the sale of Federal low-income housing tax credits generated by the Project and (6) deferred developer fees and reserves. Construction loan amounted to \$3,320,724 as of June 30, 2022.

During fiscal year 2023, Housing Finance Agency Tax Exempt Bonds advanced \$11,469,199, of which the principal balances of \$10,546,604 and \$922,595 bear interest at a rate of 3.80% and 5.25%, respectively.

During fiscal year 2023 HHAC advanced \$1,948,992 to the Corporation. The HHAC Loan bears interest of 3.14% and payments of interest and principal are deferred until the end of the 40th year of the contract compliance period, which is estimated to be 2067.

E. 10 Minerva Place GP

New York City Housing Development Corporation

First mortgage

On March 23, 2023, the loan converted to a permanent amortizing loan in the amount of \$13,210,000. The loan's term ends on November 1, 2060. The loan bears interest at a fixed rate equal to 5.725% per annum. As of June 30, 2023 and 2022, the principal balance of the loan amounted to \$12,971,919 and \$20,161,585, respectively. Interest payments for the years ended June 30, 2023 and 2022 amounted to \$188,594 and \$0, respectively.

Second mortgage

On March 23, 2023, the Partnership amended the permanent loan in the principal amount of \$6,962,552 with HDC from the proceeds of funds made available under HDC's Extremely Low & Low-Income Affordability ("ELLA") program. The loan has a maturity date of November 1, 2060. During the loan term interest will accrue on the outstanding principal amount at the rate of 2.65% per annum. Monthly interest-only payments at the rate of 1.00% per annum are due and payable monthly, the balance of the interest shall accrue, compounded monthly. Upon maturity of the loan, all outstanding principal and accrued but unpaid interest on the loan will be due and payable. As of June 30, 2023 and 2022, the principal of the loan was \$6,981,724 and \$0 respectively. Interest payments for the years ended June 2023 and 2022 amounted to \$30,772 and \$0, respectively.

New York City Department of Housing Preservation and Development

On March 23, 2023, the Partnership entered into a permanent loan agreement with NYC HPD in the principal amount of \$8,850,000 from the proceeds of funds made available under HPD's Supportive Housing Loan program and the HOME Program. The loan is co-terminus with the HDC mortgages listed above. During its term the loan will bear interest at a fixed rate equal to 2.65% per annum. Payments on the loan during the permanent phase will be deferred in their entirety until the maturity, at which time all outstanding principal and accrued but unpaid interest will be due and payable. Interest expense for the years ended June 2023 and 2022 amounted to \$117,263 and \$0, respectively.

PROJECT RENEWAL, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 13 — LOANS PAYABLE (Continued)

New York State Homeless Housing and Assistance Corporation Loan

On July 29, 2017, the Partnership entered into a construction and permanent loan agreement with New York State Homeless Housing and Assistance Corporation ("HHAC"). On June 3, 2022 entered into an additional Project Loan Note with HHAC for \$620,000, bringing total HHAC funds up to \$6,842,012. The co-third priority loan is in the amount of \$6,841,812 with simple interest accruing at the rate of 1.0% per annum commencing on March 23, 2023. Payments on the loan during the permanent phase will be deferred in their entirety until the maturity, at which time all outstanding principal and accrued but unpaid interest will be due and payable. Interest expense for the years ended June 2023 and 2022, amounted to \$34,209 and \$0, respectively.

Construction loans for the projects have been fully drawn, and short-term debt has been retired. The outstanding loans from HPD, HDC and HHAP total \$35,233,397 as of June 30, 2022.

F. Project Renewal, Inc - Recoverable Grant

During the year ended June 30, 2017, the Corporation recognized a \$375,000 pledge, of which \$255,000 was recognized as a contribution and \$120,000 was recognized as a recoverable grant, in accordance with the donor's intentions. The recoverable grant is required to be repaid in three equal installments beginning in fiscal year 2020, without interest. During the year ended June 30, 2020, the Corporation received an additional \$120,000 recoverable grant to be repaid in three equal installments beginning fiscal 2022, without interest. As of both June 30, 2023 and 2022, the ending balance was \$120,000.

G. New Providence HDFC

In June 2022, the Corporation received approval for the New York City Department of Homeless Services to transfer the ownership of the New Providence Shelter to the Corporation to redevelop as a building that contains a new shelter, supportive/affordable housing, and a primary care clinic. Monadnock Development will be the Corporation's Development Partner and contractor. In October 2022, the Corporation entered into an agreement for a predevelopment loan of \$2,344,000 with the Leviticus Alternative Fund. The loan has a fixed interest rate of 5.75%, non-amortizing during the term with interest-only payments on funds drawn. The loan terminates the earlier of (i) construction closing or (ii) June 1, 2024 (two years from pre-development closing). As of June 30, 2023 and 2022, the amount advanced is \$1,336,974 and \$289,526, respectively.

H. West 59th Shelter HDFC

On February 17, 2022, the Corporation closed on the acquisition of a site in New York, NY for the purpose of constructing a purpose-built shelter that will be called the W 59th Street Shelter. The acquisition was financed by a loan from Nuveen Alternatives Advisors LLC (Nuveen). The facility will offer 200 transitional housing beds for single women. The Corporation owns the building and serves as co-developer with Hudson Companies. As of June 30, 2023 and 2022, the principal balance of the loan was \$31,255,869 and \$25,457,298, respectively.

I. Greenpoint HDFC

On December 16, 2022, Greenpoint Hospital Shelter HDFC closed on the acquisition of a site in Brooklyn, NY for the purpose of constructing a purpose-built shelter that will be called the Barbara Kleiman Residence (aka Greenpoint Hospital Shelter). The facility will offer 200 transitional housing beds for single adult men. The acquisition and subsequent construction is financed by a loan from UMB BANK, N.A., as Trustee of the Greenpoint (Brooklyn, NY) Contract-Backed Pass-Through Trust. The HDFC owns the building and serves as co-developer with Hudson Companies. The construction period of the loan is expected to last until October 12, 2025, at which point the loan will start a 30-year self-amortizing permanent term with monthly payments for principal and interest. These payments are secured through a NYC DSS rent contract, which was registered with NYC. As of June 30, 2023 and 2022, the principal balance of the loan amounted to \$14,463,680 and \$0, respectively.

The loan payable balances reported in the accompanying consolidated statements of financial position are presented net of the unamortized balance of debt issuance costs of \$427,363 and \$449,816 as of June 30, 2023 and 2022, respectively. Amortization of these costs is calculated by the straight-line method, which approximates the effective interest method.

PROJECT RENEWAL, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 13 — LOANS PAYABLE (Continued)

Future annual principal payments are as follows for the five years ending after June 30, 2023 and thereafter:

2024	\$ 2,056,244
2025	14,044,491
2026	46,374,120
2027	684,142
2028	715,076
Thereafter	<u>62,385,208</u>
Subtotal	126,259,281
Less: unamortized debt issuance costs	<u>(427,363)</u>
Total	<u>\$ 125,831,918</u>

Principal and interest payments pertaining to outstanding loans payable, excluding the recoverable grant, are not cash payments made by the Corporation. Those payments are the responsibility of each government agency as the Corporation meets the obligations of the respective contract.

NOTE 14 — PAYCHECK PROTECTION PROGRAM LOAN

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program (“PPP”). Participating in the PPP enables the business to obtain a loan from the Small Business Administration (“SBA”) sector of the government. The maximum loan amount is equal to the lesser of (a) 2.5 times the entity’s average monthly payroll costs, as defined and incurred during the one-year period before the date on which the loan is made; or (b) \$10 million. The term of the loan is two years and bears interest at a fixed rate of 1% per annum. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven, based on how much is spent in the 24-week period immediately following funding of the loan times a forgiveness factor that is based on employee headcount and amounts paid to the Corporation’s employees. The Corporation applied for this loan in March 2021, through an SBA authorized lender, Capital One and has been approved and funded by the lender in the amount of \$8,263,870.

The Corporation is guided by Accounting Standards Codification (“ASC”) Topic 470, “Debt.” Based on the guidance in ASC 470, the loan would remain recorded as a liability until it is in part or wholly forgiven and legal release is received or the entity pays off the loan. Once the loan is forgiven in part or wholly, and legal release is received, the Corporation will reduce the liability by the amount forgiven and record a gain on extinguishment. On March 15, 2022, the Corporation received partial forgiveness of the PPP loans in the amount of \$6,971,035, the outstanding balance is being repaid in accordance with the loan terms. Outstanding balance amounts to \$948,794 \$1,292,835 as of June 30, 2023 and 2022, respectively.

NOTE 15 — BANK LINE OF CREDIT

The Corporation has a \$5,000,000 line of credit with a financial institution expiring on January 31, 2024. Interest payments on all borrowings are due monthly. Interest is charged at the financial institution's prime rate (8.25% at June 30, 2023) plus 1%. The line of credit is collateralized by grants and contributions receivable. As of June 30, 2023 and December 8, 2023, there was no outstanding balance on the line of credit.

NOTE 16 — NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes on June 30:

	<u>2023</u>	<u>2022</u>
Treatment and transitional housing	\$ -	\$ 90
Medical	1,540,731	1,222,559
Employment services	1,427,145	1,562,396
Permanent housing	<u>1,693,723</u>	<u>1,352,540</u>
	<u>\$ 4,661,599</u>	<u>\$ 4,137,585</u>

PROJECT RENEWAL, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 16 — NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets were released from restrictions during the years ended June 30 by incurring expenses satisfying the restricted purposes as follows:

	<u>2023</u>	<u>2022</u>
Treatment and transitional housing	\$ 1,590	\$ 25,590
Medical	524,487	857,841
Employment services	676,006	141,618
Permanent housing	<u>100,385</u>	<u>1,172,723</u>
	<u>\$ 1,302,468</u>	<u>\$ 2,197,772</u>

NOTE 17 — SOCIAL PURPOSE VENTURE

The Corporation's Culinary Arts Training Programs offers six months of classroom and internship training in the food service industry to low-income and formerly homeless adults. Students learn basic cooking theory and food preparation in the teaching kitchen. For the years ended June 30, 2023 and 2022, the Corporation's Culinary Arts Training Program I received \$32,642 and \$49,020, respectively, from New York State Education Department.

NOTE 18 — PENSION PLANS

The Corporation has a defined contribution pension plan under Section 401(a) of the Code. The Corporation may make discretionary contributions to the plan for eligible employees. There were no pension contributions or expense for the years ended June 30, 2023 and 2022.

In addition, the Corporation has a defined contribution plan under Section 403(b) of the Code. The Corporation made matching contributions amounting to \$468,438 and \$397,615 to this plan for the years ended June 30, 2023 and 2022, respectively.

NOTE 19 — CHANGE IN NON-CONTROLLING LIMITED PARTNERS' INTERESTS

	<u>Total</u>	<u>Controlling Interest</u>	<u>Non-Controlling Interest</u>
Balance, June 30, 2021	\$ 672,267	\$ (1,431)	\$ 673,698
Net loss	(3,777,558)	(377)	(3,777,181)
Capital contributions	<u>17,416,961</u>	<u>-</u>	<u>17,416,961</u>
Balance, June 30, 2022	14,311,670	(1,808)	14,313,478
Net loss	(3,948,563)	(395)	(3,948,168)
Capital contributions	<u>6,031,012</u>	<u>-</u>	<u>6,031,012</u>
Balance, June 30, 2023	<u>\$ 16,394,119</u>	<u>\$ (2,203)</u>	<u>\$ 16,396,322</u>

NOTE 20 — RIGHT OF USE ASSET AND LIABILITY

The Corporation leases office space, copiers, and vehicles under operating lease arrangements through July 2037 for which expense is recognized on a straight-line basis over the lease term. The Corporation assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. As a result, adopting FASB Accounting Standard Codification ("ASC") 842 had no impact to the prior year consolidated statement of financial position information. No comparative information is provided for the amounts reported on the consolidated statement of financial position as of June 30, 2022 since the Corporation used the modified retrospective method of transition that does not require restating the prior period.

PROJECT RENEWAL, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 20 — RIGHT OF USE ASSET AND LIABILITY (Continued)

As of June 30, 2023, the right-of-use (“ROU”) asset had a balance of \$32,205,580, of which \$31,967,190 related to operating leases and \$238,390 to finance leases. The lease liability totaled \$38,977,231 of which \$38,733,191 related to operating leases and \$244,040 to finance leases. The ROU asset and liability were calculated utilizing risk-free rates (ranging from 0.15% to 8.45%), according to the Corporation’s elected policy. The weighted average of the remaining lease term for operating and finance leases is 108 and 50 months, respectively. The weighted average discount rate amounted to 3.01% and 7.36% for operating and finance leases, respectively.

The following summarizes the line items in the statements of functional expenses which include the components of lease expense for the year ended June 30, 2023:

Operating lease expense included in occupancy costs	<u>\$ 8,286,579</u>
Finance lease costs:	
Amortization of lease assets included in equipment rentals and purchases	\$ 37,925
Interest on lease liabilities included in equipment rentals and purchases	<u>10,563</u>
Total finance lease costs	<u>\$ 48,488</u>

The following summarizes cash flow information related to leases for the year ended June30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 8,569,717
Operating cash flows from finance leases	10,563
Financing cash flows from finance leases	33,631
Lease assets obtained in exchange for lease obligations:	
Operating leases	39,022,539
Finance leases	270,738

Future minimum payments for non-cancelable operating leases for the next five years ending after June 30, 2023 and thereafter are as follows:

	<u>Operating Leases</u>	<u>Finance Leases</u>	<u>Total</u>
2024	\$ 8,367,302	\$ 70,305	\$ 8,439,631
2025	7,506,824	67,828	7,576,677
2026	4,247,015	65,352	4,314,393
2027	2,918,226	57,079	2,977,332
2028	2,947,144	24,595	2,973,767
Thereafter	<u>18,395,779</u>	<u>-</u>	<u>18,395,779</u>
Total lease payments	44,382,290	285,159	44,677,579
Less: Present value discount	<u>(5,649,099)</u>	<u>(41,119)</u>	<u>(5,690,218)</u>
Lease obligation	<u>\$ 38,733,191</u>	<u>\$ 244,040</u>	<u>\$ 38,977,231</u>

For the year ended June 30, 2022, leases were accounted for under ASC Topic 840. The total rent expense related to such leases for the year ended June 30, 2022 amounted to approximately \$12,615,000 and is included in occupancy costs in the accompanying consolidated statement of functional expenses.

PROJECT RENEWAL, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 21 — COMMITMENTS AND CONTINGENCIES

- A. The Corporation is a defendant in several lawsuits that have arisen in the ordinary course of business. It is management's belief that any settlements that arise from these suits will be within the limits of the Corporation's insurance policies. Therefore, no provision has been made in the accompanying consolidated financial statements.
- B. Management has determined that a portion of its billing to the New York State Office of Medicaid may have been incorrect and overstated in fiscal years 2017 and prior. If found to be accurate, this overstatement may result in monies being returned to New York State. At June 30, 2023 and 2022, approximately \$192,000 and \$328,000 is recorded as due to New York State Office of Medicaid and is included in accounts payable and accrued expenses.
- C. The Corporation believes it has no uncertain tax positions as of June 30, 2023 and 2022, in accordance with Accounting Standards Codification ("ASC") Topic 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 22 — CONCENTRATIONS

Cash and cash equivalents and restricted cash that potentially subject the Corporation to a concentration of credit risk include cash accounts with three banks that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits \$250,000 by approximately \$5,900,000 and \$12,091,000 as of June 30, 2023 and 2022, respectively. This excess includes outstanding checks.

NOTE 23 — SUBSEQUENT EVENTS

Management has evaluated for potential recognition and disclosure events after the date of the consolidated statement of financial position through December 11, 2023, the date the consolidated financial statements were available to be issued.

PROJECT RENEWAL, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF JUNE 30, 2023
(With Comparative Totals for June 30, 2022)

	Project Renewal, Inc.	PRI HDFC	Washington OMH GP	Bronx Boulevard HDFC	PRI Villa HDFC	PRI Villa Avenue GP	10 Minerva Place GP and HDFC	2880 Jerome Avenue	Green Point HDFC	New Providence	West 59th Shelter HDFC	Eliminations	Total 2023	Total 2022
ASSETS														
Cash and cash equivalents	\$ 3,551,575	\$ -	\$ 358,830	\$ 193,410	\$ 5,142	\$ 1,695,700	\$ 261,605	\$ 86,370	\$ -	\$ 5,631	\$ -	\$ -	\$ 6,158,263	\$ 11,947,435
Investments	203,042	-	-	-	-	-	-	-	-	-	-	-	203,042	160,218
Accounts and grants receivable, net	34,413,569	-	6,850	-	-	7,932	-	-	-	-	-	(2,828,594)	31,599,757	30,652,625
Contributions receivable, net	1,606,763	-	-	-	-	-	-	-	-	-	-	-	1,606,763	1,021,559
Development fee receivable	786,750	-	-	-	-	-	-	-	-	-	-	(786,750)	-	-
Rent receivable, net	-	-	178,456	-	-	22,793	122,601	-	-	-	-	-	323,850	450,693
Due from affiliates, net	612,716	-	1,856	1,173,069	-	-	476,786	5,270	-	-	-	(2,124,258)	145,439	92,420
Prepaid expenses	1,070,792	-	-	-	-	-	-	-	-	-	-	-	1,070,792	999,055
Security deposits and other assets	192,475	-	3,306	4,285	-	31,415	121,965	-	-	-	-	-	353,446	234,052
Mortgage receivable	12,500,000	15,203,094	-	-	-	-	-	-	-	-	-	(15,203,094)	12,500,000	12,500,000
Restricted cash	-	-	928,503	590,551	-	646,268	2,156,867	-	-	-	-	-	4,322,189	2,202,663
Assets held for others	101,041	-	-	-	-	-	-	-	-	-	-	-	101,041	143,399
Investments in rental property, net	-	-	11,741,103	-	-	10,997,111	-	-	-	-	-	-	22,738,214	24,064,622
Lease right-of-use assets - operating (Notes 2O and 20)	31,967,190	-	-	-	-	-	-	-	-	-	-	-	31,967,190	-
Lease right-of-use assets - finance (Notes 2O and 20)	238,390	-	-	-	-	-	-	-	-	-	-	-	238,390	-
Property, equipment and leasehold improvements, net	7,190,688	-	-	6,152,255	-	-	68,107,798	24,165,508	14,463,680	1,568,865	31,255,869	(250,000)	152,654,663	115,446,885
TOTAL ASSETS	\$ 94,434,991	\$ 15,203,094	\$ 13,218,904	\$ 8,113,570	\$ 5,142	\$ 13,401,219	\$ 71,247,622	\$ 24,257,148	\$ 14,463,680	\$ 1,574,496	\$ 31,255,869	\$ (21,192,696)	\$ 265,983,039	\$ 199,915,626
LIABILITIES														
Accounts payable and accrued expenses	\$ 10,759,785	\$ -	\$ 337,709	\$ 70,000	\$ -	\$ 115,027	\$ 15,182,914	\$ 7,210,082	\$ -	\$ 98,045	\$ -	\$ -	\$ 33,773,562	\$ 25,336,699
Accrued salaries and related liabilities	2,258,037	-	-	-	-	-	-	-	-	-	-	-	2,258,037	5,421,505
Accrued interest	-	-	3,129,839	-	-	1,890,406	-	-	-	-	-	-	5,020,245	5,754,246
Due to affiliates, net	3,813,491	1,856	1,596,774	-	5,150	159,048	-	167,712	-	139,477	-	(2,124,258)	3,759,250	3,953,712
Deferred revenue / due to funding source	13,825,433	-	222,332	269,436	-	20,487	588,047	-	-	-	-	-	14,925,735	17,478,534
Deferred developer's fee revenue	786,750	-	740,432	-	-	-	-	-	-	-	-	(786,750)	740,432	740,432
Deferred rent	-	-	-	-	-	-	-	-	-	-	-	-	-	7,077,322
Loans payable, net	120,000	15,203,094	14,845,334	7,109,518	-	7,636,897	38,474,049	13,418,191	14,463,680	1,336,974	31,255,869	(18,031,688)	125,831,918	94,467,321
Paycheck protection program loan	948,794	-	-	-	-	-	-	-	-	-	-	-	948,794	1,292,835
Lease liability- operating (Notes 2O and 20)	38,733,191	-	-	-	-	-	-	-	-	-	-	-	38,733,191	-
Lease liability - finance (Notes 2O and 20)	244,040	-	-	-	-	-	-	-	-	-	-	-	244,040	-
Enforcement note payable	12,500,000	-	-	-	-	-	-	-	-	-	-	-	12,500,000	12,500,000
TOTAL LIABILITIES	83,989,521	15,204,950	20,872,420	7,448,954	5,150	9,821,865	54,245,010	20,795,985	14,463,680	1,574,496	31,255,869	(20,942,696)	238,735,204	174,022,606
NET ASSETS														
Without donor restrictions:														
Operating	5,783,871	(1,856)	(4,268)	664,616	(8)	(2,972)	531	-	-	-	-	(250,000)	6,189,914	7,441,957
Non-controlling interest	-	-	(7,649,248)	-	-	3,582,326	17,002,081	3,461,163	-	-	-	-	16,396,322	14,313,478
Total without donor restrictions	5,783,871	(1,856)	(7,653,516)	664,616	(8)	3,579,354	17,002,612	3,461,163	-	-	-	(250,000)	22,586,236	21,755,435
With donor restrictions	4,661,599	-	-	-	-	-	-	-	-	-	-	-	4,661,599	4,137,585
TOTAL NET ASSETS (DEFICIT)	10,445,470	(1,856)	(7,653,516)	664,616	(8)	3,579,354	17,002,612	3,461,163	-	-	-	(250,000)	27,247,835	25,893,020
TOTAL LIABILITIES AND NET ASSETS	\$ 94,434,991	\$ 15,203,094	\$ 13,218,904	\$ 8,113,570	\$ 5,142	\$ 13,401,219	\$ 71,247,622	\$ 24,257,148	\$ 14,463,680	\$ 1,574,496	\$ 31,255,869	\$ (21,192,696)	\$ 265,983,039	\$ 199,915,626

PROJECT RENEWAL, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF JUNE 30, 2022

	Project Renewal, Inc.	PRI HDFC	Washington OMH GP	Bronx Boulevard HDFC	PRI Villa HDFC	PRI Villa Avenue GP	10 Minerva Place GP and HDFC	2880 Jerome Avenue	New Providence	West 59th Shelter HDFC	Eliminations	Total 2022
ASSETS												
Cash and cash equivalents	\$ 10,014,381	\$ -	\$ 43,820	\$ 66,579	\$ 5,142	\$ 1,430,623	\$ 354,049	\$ 27,210	\$ 5,631	\$ -	\$ -	\$ 11,947,435
Investments	160,218	-	-	-	-	-	-	-	-	-	-	160,218
Accounts and grants receivable, net	34,125,686	-	6,850	-	-	7,932	-	-	-	-	(3,487,843)	30,652,625
Contributions receivable, net	1,021,559	-	-	-	-	-	-	-	-	-	-	1,021,559
Development fee receivable	786,750	-	-	-	-	-	-	-	-	-	(786,750)	-
Rent receivable, net	-	-	220,672	-	-	48,866	181,155	-	-	-	-	450,693
Due from affiliates, net	1,537,517	-	1,856	1,300,000	-	-	-	5,150	-	-	(2,752,103)	92,420
Prepaid expenses	999,055	-	-	-	-	-	-	-	-	-	-	999,055
Security deposits and other assets	192,508	-	4,306	4,285	-	32,953	-	-	-	-	-	234,052
Mortgage receivable	12,500,000	15,203,094	-	-	-	-	-	-	-	-	(15,203,094)	12,500,000
Restricted cash	-	-	864,087	591,037	-	628,918	118,621	-	-	-	-	2,202,663
Assets held for others	143,399	-	-	-	-	-	-	-	-	-	-	143,399
Investments in rental property, net	-	-	12,575,351	-	-	11,489,271	-	-	-	-	-	24,064,622
Property, equipment and leasehold improvements, net	7,816,692	-	-	6,451,485	-	-	70,577,862	4,989,190	404,358	25,457,298	(250,000)	115,446,885
TOTAL ASSETS	\$ 69,297,765	\$ 15,203,094	\$ 13,716,942	\$ 8,413,386	\$ 5,142	\$ 13,638,563	\$ 71,231,687	\$ 5,021,550	\$ 409,989	\$ 25,457,298	\$ (22,479,790)	\$ 199,915,626
LIABILITIES												
Accounts payable and accrued expenses	\$ 10,224,427	\$ -	\$ 13,000	\$ 70,100	\$ -	\$ 102,874	\$ 14,918,990	\$ 7,308	\$ -	\$ -	\$ -	\$ 25,336,699
Accrued salaries and related liabilities	5,421,505	-	-	-	-	-	-	-	-	-	-	5,421,505
Accrued interest	-	-	2,870,154	-	-	1,633,113	150,867	1,100,112	-	-	-	5,754,246
Due to affiliates, net	3,508,660	1,856	1,491,233	-	5,150	129,538	4,343,353	593,406	120,462	-	(6,239,946)	3,953,712
Deferred revenue / due to funding source	17,035,100	-	165,116	278,318	-	-	-	-	-	-	-	17,478,534
Deferred developer's fee revenue	786,750	-	740,432	-	-	-	-	-	-	-	(786,750)	740,432
Deferred rent	7,049,139	-	2,917	-	-	25,266	-	-	-	-	-	7,077,322
Loans payable, net	120,000	15,203,094	14,825,774	7,586,597	-	7,634,004	35,233,397	3,320,724	289,527	25,457,298	(15,203,094)	94,467,321
Paycheck protection program loan	1,292,835	-	-	-	-	-	-	-	-	-	-	1,292,835
Enforcement note payable	12,500,000	-	-	-	-	-	-	-	-	-	-	12,500,000
TOTAL LIABILITIES	57,938,416	15,204,950	20,108,626	7,935,015	5,150	9,524,795	54,646,607	5,021,550	409,989	25,457,298	(22,229,790)	174,022,606
NET ASSETS												
Without donor restrictions:												
Operating	7,221,764	(1,856)	(4,142)	478,371	(8)	(2,172)	-	-	-	-	(250,000)	7,441,957
Non-controlling interest	-	-	(6,387,542)	-	-	4,115,940	16,585,080	-	-	-	-	14,313,478
Total without donor restrictions	7,221,764	(1,856)	(6,391,684)	478,371	(8)	4,113,768	16,585,080	-	-	-	(250,000)	21,755,435
With donor restrictions	4,137,585	-	-	-	-	-	-	-	-	-	-	4,137,585
TOTAL NET ASSETS (DEFICIT)	11,359,349	(1,856)	(6,391,684)	478,371	(8)	4,113,768	16,585,080	-	-	-	(250,000)	25,893,020
TOTAL LIABILITIES AND NET ASSETS	\$ 69,297,765	\$ 15,203,094	\$ 13,716,942	\$ 8,413,386	\$ 5,142	\$ 13,638,563	\$ 71,231,687	\$ 5,021,550	\$ 409,989	\$ 25,457,298	\$ (22,479,790)	\$ 199,915,626

See independent auditors' report.

PROJECT RENEWAL, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Totals for June 30, 2022)

	Project Renewal, Inc.		Total PRI	PRI HDFC	Washington OMH GP	Bronx Boulevard HDFC	PRI Villa HDFC	PRI Villa Avenue GP	10 Minerva Place GP and HDFC	2880 Jerome Avenue	New Providence	West 59th Shelter HDFC	Eliminations	Total 2023	Total 2022
	Without Donor Restrictions	With Donor Restrictions													
REVENUES AND SUPPORT:															
Government grants	\$ 96,180,827	\$ -	\$ 96,180,827	\$ -	\$ 2,023,025	\$ 971,875	\$ -	\$ 980,419	\$ -	\$ -	\$ -	\$ -	\$ (5,642,816)	\$ 94,513,330	\$ 88,816,735
Third party revenue	5,032,526	-	5,032,526	-	-	-	-	-	-	-	-	-	-	5,032,526	4,027,868
Social purpose ventures	7,063,809	-	7,063,809	-	-	-	-	-	-	-	-	-	-	7,063,809	6,540,093
Rental income	2,315,881	-	2,315,881	-	432,503	-	-	852,147	2,072,891	-	-	-	(667,265)	5,006,157	3,551,847
Gain on extinguishment of debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,971,035
Special events	1,229,846	-	1,229,846	-	-	-	-	-	-	-	-	-	-	1,229,846	1,005,439
Contributions	1,150,431	1,826,482	2,976,913	-	-	-	-	-	1,336,625	-	-	-	-	4,313,538	3,158,612
Developer fee income	796,285	-	796,285	-	-	-	-	-	-	-	-	-	-	796,285	-
Miscellaneous income	951,170	-	951,170	-	30,317	-	-	125,604	61,184	-	-	-	-	1,168,275	633,428
Net assets released from restrictions	1,302,468	(1,302,468)	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES AND SUPPORT	116,023,243	524,014	116,547,257	-	2,485,845	971,875	-	1,958,170	3,470,700	-	-	-	(6,310,081)	119,123,766	114,705,057
EXPENSES:															
Program Services:															
Outreach	369,567	-	369,567	-	-	-	-	-	-	-	-	-	-	369,567	483,117
Treatment and transitional housing	69,981,715	-	69,981,715	-	-	785,630	-	2,492,584	-	-	-	-	(2,697,433)	70,562,496	64,340,296
Medical services	11,164,032	-	11,164,032	-	-	-	-	-	-	-	-	-	-	11,164,032	10,037,221
Employment services	9,832,589	-	9,832,589	-	-	-	-	-	-	-	-	-	-	9,832,589	8,830,685
Permanent housing	9,943,979	-	9,943,979	-	3,747,677	-	-	-	5,623,017	-	-	-	(3,612,648)	15,702,025	13,305,585
Total program services	101,291,882	-	101,291,882	-	3,747,677	785,630	-	2,492,584	5,623,017	-	-	-	(6,310,081)	107,630,709	96,996,904
Supporting services:															
Management and general	14,670,424	-	14,670,424	-	-	-	-	-	-	-	-	-	-	14,670,424	14,187,031
Fundraising	1,498,830	-	1,498,830	-	-	-	-	-	-	-	-	-	-	1,498,830	1,310,723
Total supporting services	16,169,254	-	16,169,254	-	-	-	-	-	-	-	-	-	-	16,169,254	15,497,754
TOTAL EXPENSES	117,461,136	-	117,461,136	-	3,747,677	785,630	-	2,492,584	5,623,017	-	-	-	(6,310,081)	123,799,963	112,494,658
CHANGE IN NET ASSETS BEFORE CAPITAL CONTRIBUTIONS FROM NON-CONTROLLING LIMITED PARTNERS	(1,437,893)	524,014	(913,879)	-	(1,261,832)	186,245	-	(534,414)	(2,152,317)	-	-	-	-	(4,676,197)	2,210,399
Capital contributions from non-controlling limited partners	-	-	-	-	-	-	-	-	2,569,849	3,461,163	-	-	-	6,031,012	17,416,961
CHANGES IN NET ASSETS (DEFICIT)	(1,437,893)	524,014	(913,879)	-	(1,261,832)	186,245	-	(534,414)	417,532	3,461,163	-	-	-	1,354,815	19,627,360
Net assets (deficit) - beginning of year	7,221,764	4,137,585	11,359,349	(1,856)	(6,391,684)	478,371	(8)	4,113,768	16,585,080	-	-	-	(250,000)	25,893,020	6,265,660
NET ASSETS (DEFICIT) - END OF YEAR	\$ 5,783,871	\$ 4,661,599	\$ 10,445,470	\$ (1,856)	\$ (7,653,516)	\$ 664,616	\$ (8)	\$ 3,579,354	\$ 17,002,612	\$ 3,461,163	\$ -	\$ -	\$ (250,000)	\$ 27,247,835	\$ 25,893,020

**PROJECT RENEWAL, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Project Renewal, Inc.</u>		<u>Total</u>	<u>PRI</u>	<u>Washington</u>	<u>Bronx</u>	<u>PRI Villa</u>	<u>PRI Villa Avenue</u>	<u>10 Minerva</u>	<u>2880 Jerome</u>	<u>New</u>	<u>West</u>	<u>Total</u>		
	<u>Without Donor</u>	<u>With Donor</u>												<u>PRI</u>	<u>HDFC</u>
	<u>Restrictions</u>	<u>Restrictions</u>													
REVENUES AND SUPPORT:															
Government grants	\$ 89,407,149	\$ -	\$ 89,407,149	\$ -	\$ 1,621,900	\$ 972,714	\$ -	\$ 859,439	\$ 1,167,231	\$ -	\$ -	\$ -	\$ (5,211,698)	\$ 88,816,735	
Third party revenue	4,027,868	-	4,027,868	-	-	-	-	-	-	-	-	-	-	4,027,868	
Social purpose ventures	6,540,093	-	6,540,093	-	-	-	-	-	-	-	-	-	-	6,540,093	
Rental income	2,249,449	-	2,249,449	-	608,599	-	-	995,961	424,562	-	-	-	(726,724)	3,551,847	
Gain on extinguishment of debt	6,971,035	-	6,971,035	-	-	-	-	-	-	-	-	-	-	6,971,035	
Special events	1,005,439	-	1,005,439	-	-	-	-	-	-	-	-	-	-	1,005,439	
Contributions	920,984	2,237,628	3,158,612	-	-	-	-	-	-	-	-	-	-	3,158,612	
Miscellaneous income	579,394	-	579,394	-	49,361	73	-	4,423	177	-	-	-	-	633,428	
Net assets released from restrictions	2,197,772	(2,197,772)	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL REVENUES AND SUPPORT	<u>113,899,183</u>	<u>39,856</u>	<u>113,939,039</u>	<u>-</u>	<u>2,279,860</u>	<u>972,787</u>	<u>-</u>	<u>1,859,823</u>	<u>1,591,970</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,938,422)</u>	<u>114,705,057</u>	
EXPENSES:															
Program Services:															
Outreach	483,117	-	483,117	-	-	-	-	-	-	-	-	-	-	483,117	
Treatment and transitional housing	63,798,124	-	63,798,124	-	-	712,893	-	2,382,146	-	-	-	-	(2,552,867)	64,340,296	
Medical services	10,037,221	-	10,037,221	-	-	-	-	-	-	-	-	-	-	10,037,221	
Employment services	8,830,685	-	8,830,685	-	-	-	-	-	-	-	-	-	-	8,830,685	
Permanent housing	9,564,075	-	9,564,075	-	3,488,345	-	-	-	3,638,720	-	-	-	(3,385,555)	13,305,585	
Total program services	<u>92,713,222</u>	<u>-</u>	<u>92,713,222</u>	<u>-</u>	<u>3,488,345</u>	<u>712,893</u>	<u>-</u>	<u>2,382,146</u>	<u>3,638,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,938,422)</u>	<u>96,996,904</u>	
Supporting services:															
Management and general	14,187,031	-	14,187,031	-	-	-	-	-	-	-	-	-	-	14,187,031	
Fundraising	1,310,723	-	1,310,723	-	-	-	-	-	-	-	-	-	-	1,310,723	
Total supporting services	<u>15,497,754</u>	<u>-</u>	<u>15,497,754</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,497,754</u>	
TOTAL EXPENSES	<u>108,210,976</u>	<u>-</u>	<u>108,210,976</u>	<u>-</u>	<u>3,488,345</u>	<u>712,893</u>	<u>-</u>	<u>2,382,146</u>	<u>3,638,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,938,422)</u>	<u>112,494,658</u>	
CHANGE IN NET ASSETS BEFORE CAPITAL CONTRIBUTIONS FROM NON-CONTROLLING LIMITED PARTNERS	5,688,207	39,856	5,728,063	-	(1,208,485)	259,894	-	(522,323)	(2,046,750)	-	-	-	-	2,210,399	
Capital contributions from non-controlling limited partners	-	-	-	-	-	-	-	-	17,416,961	-	-	-	-	17,416,961	
CHANGES IN NET ASSETS (DEFICIT)	5,688,207	39,856	5,728,063	-	(1,208,485)	259,894	-	(522,323)	15,370,211	-	-	-	-	19,627,360	
Net assets (deficit) - beginning of year	1,533,557	4,097,729	5,631,286	(1,856)	(5,183,199)	218,477	(8)	4,636,091	1,214,869	-	-	-	(250,000)	6,265,660	
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 7,221,764</u>	<u>\$ 4,137,585</u>	<u>\$ 11,359,349</u>	<u>\$ (1,856)</u>	<u>\$ (6,391,684)</u>	<u>\$ 478,371</u>	<u>\$ (8)</u>	<u>\$ 4,113,768</u>	<u>\$ 16,585,080</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (250,000)</u>	<u>\$ 25,893,020</u>	